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LONG BEACH

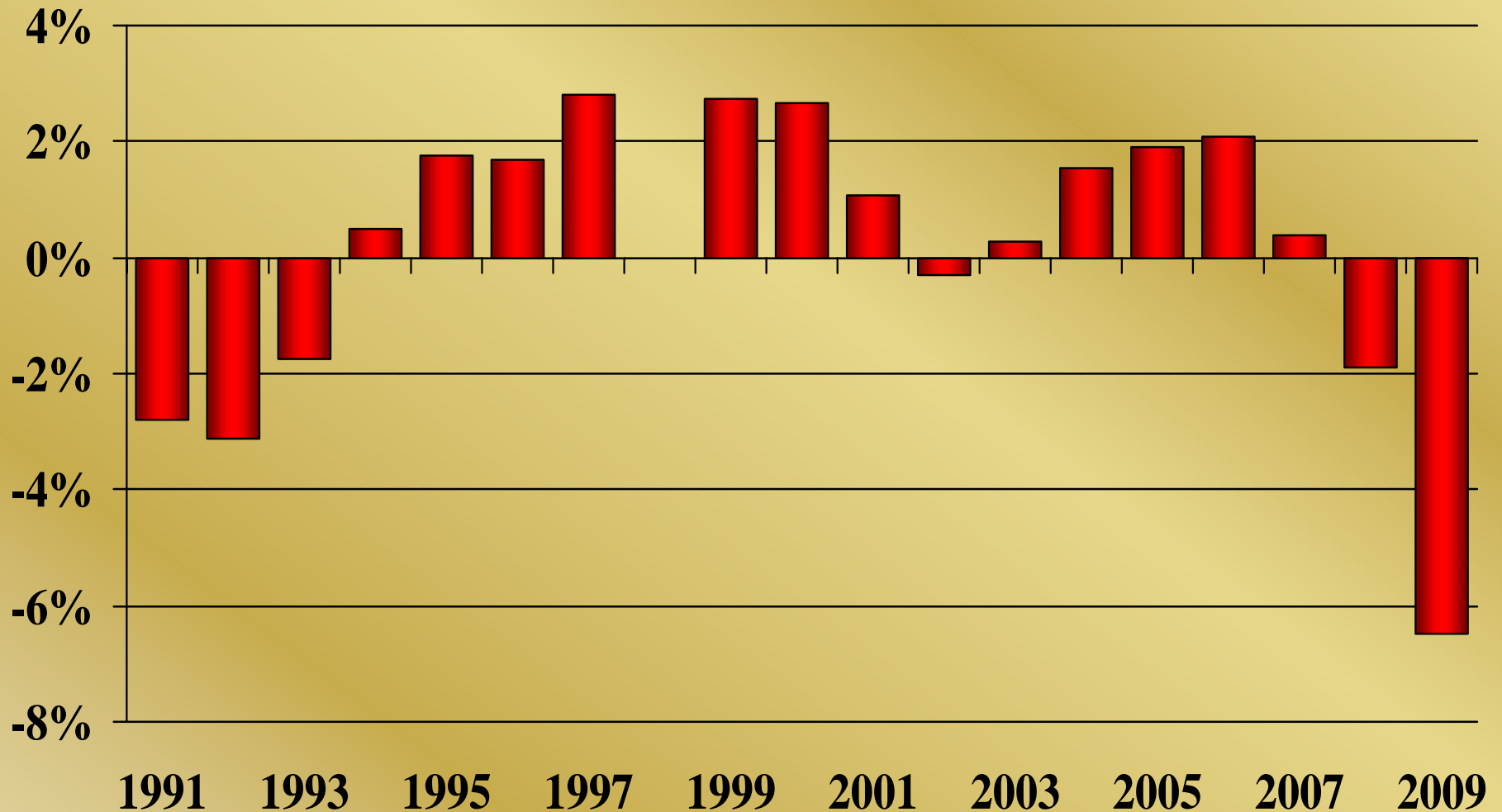
*Southern California Regional  
Economic Forecast*

*Lisa M. Grobar, Ph.D.*

*Director, CSULB Economic Forecast Project  
Office of Economic Research*

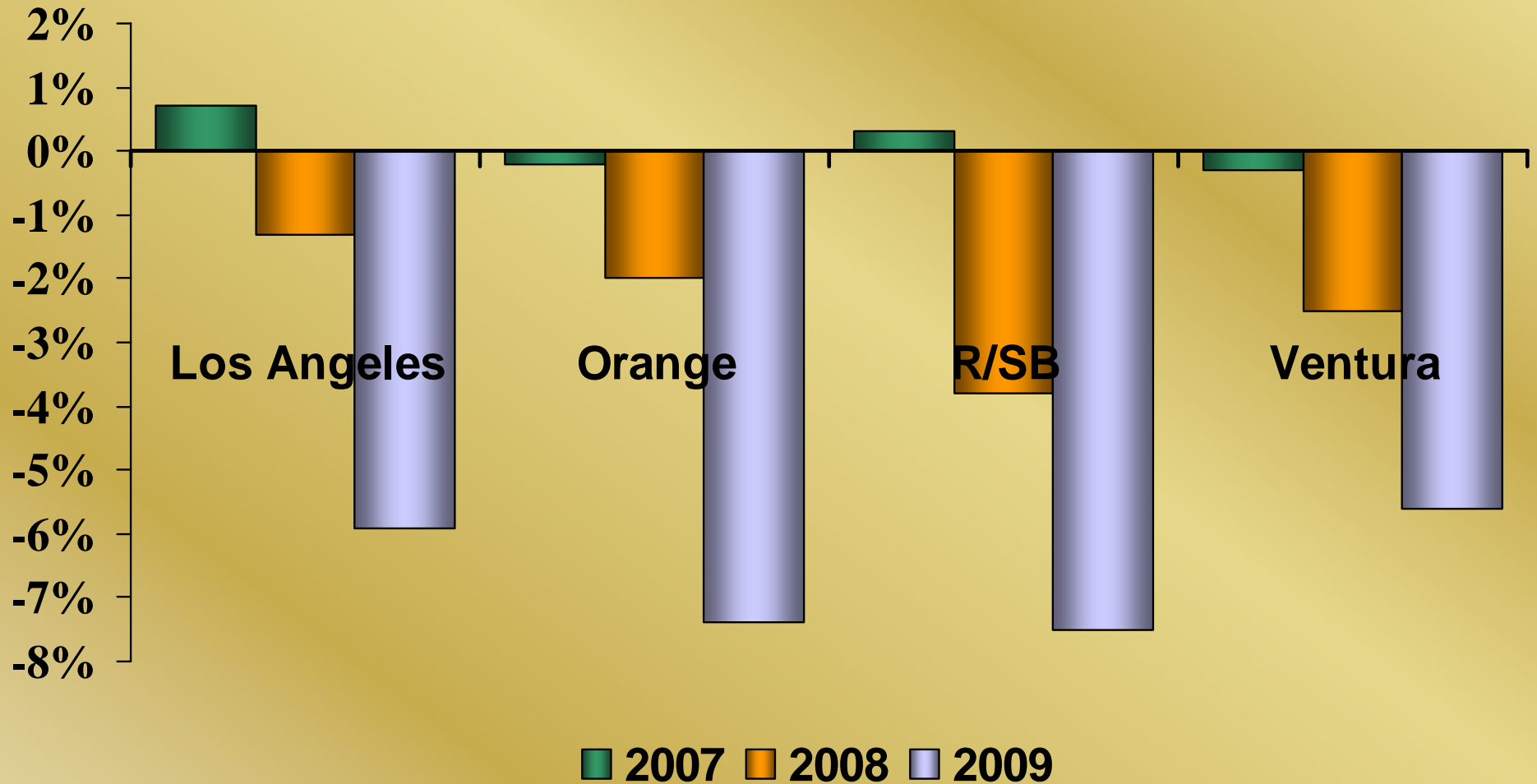
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## *2009: A terrible year for job market*

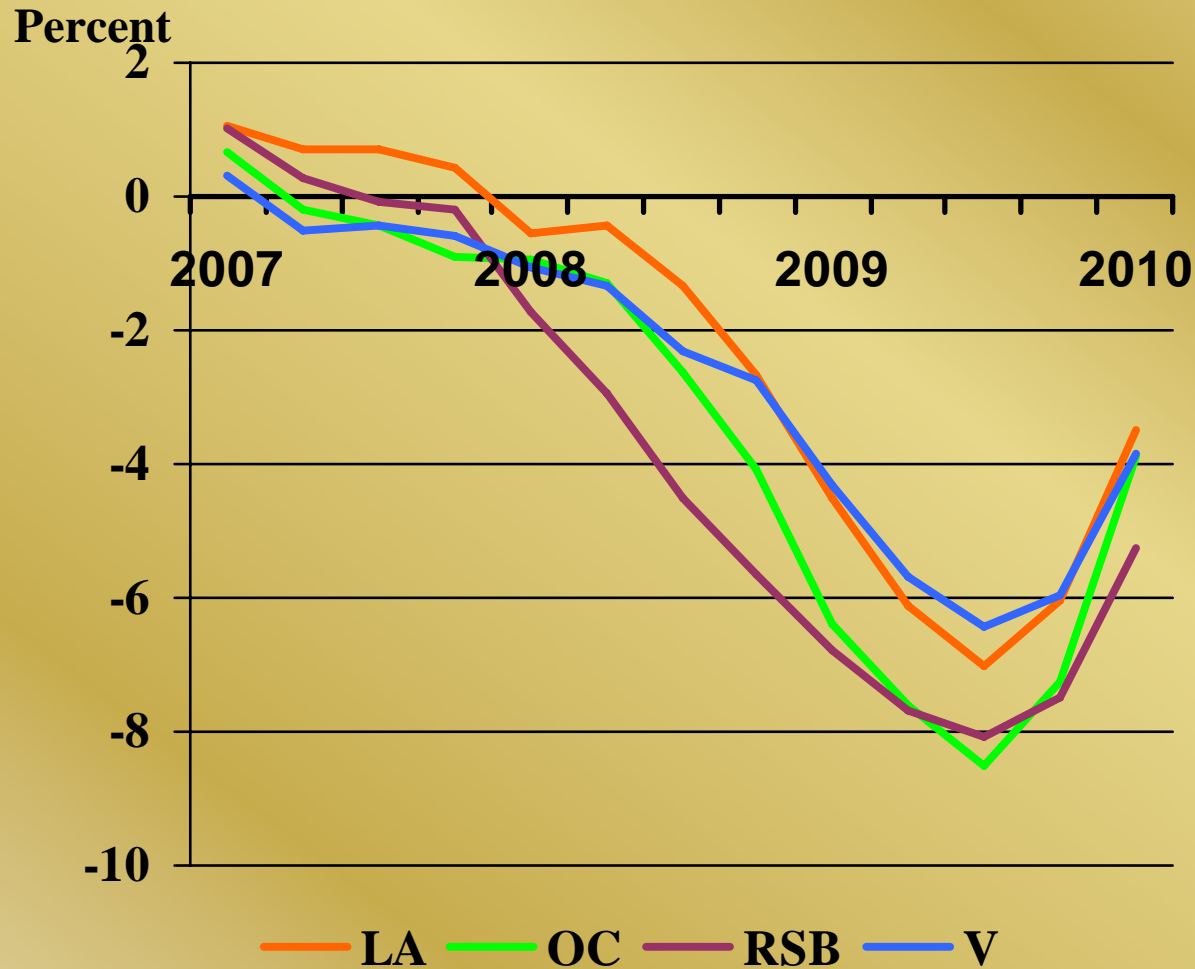


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# *2009: Region Shares the Pain*



# *Quarterly Employment Growth Rates*



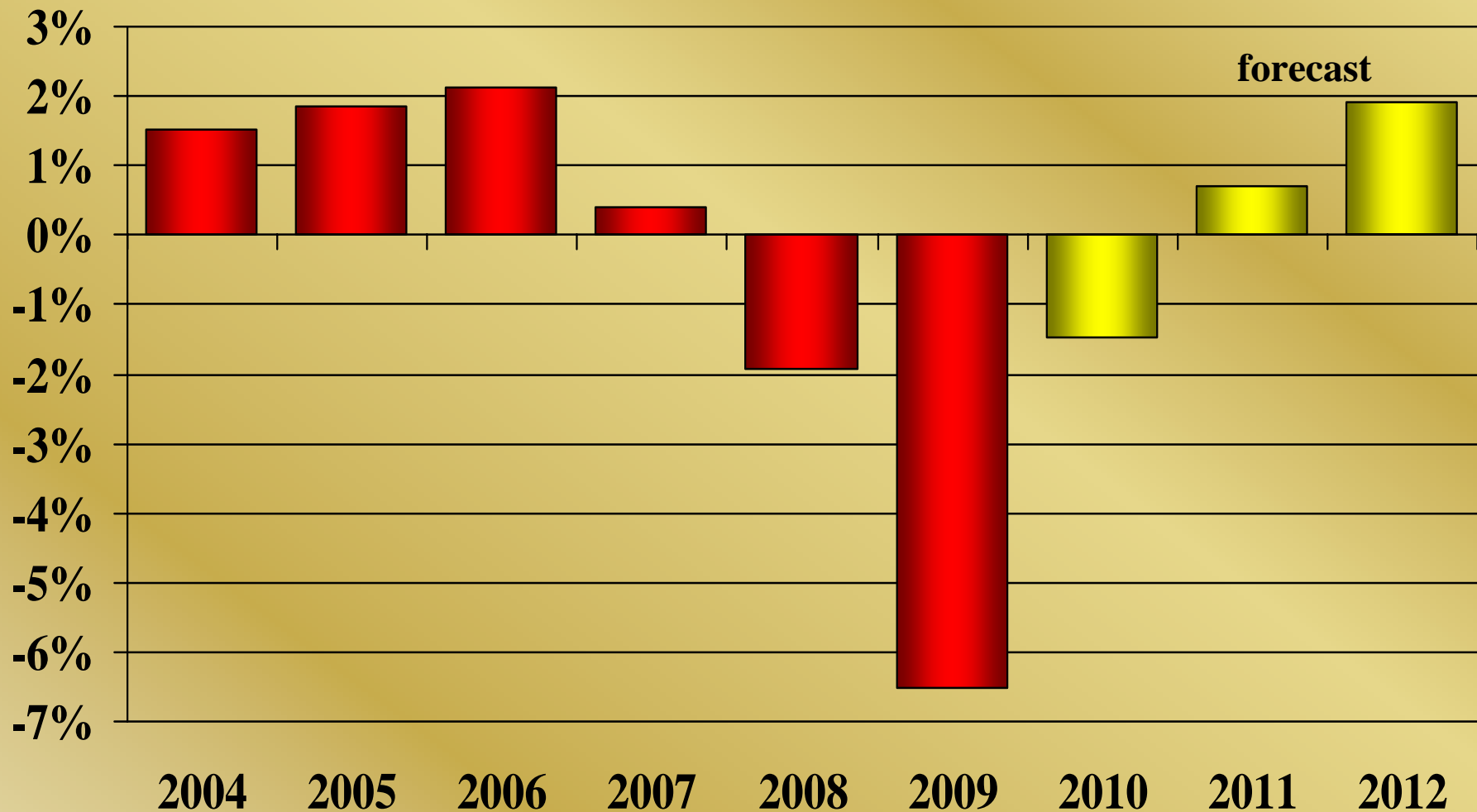
## *Forecast Summary*

**2010 - Better, but not good**

**2011 - Positive job growth!**

**2012 - Healthy economic growth**

# *Total Nonfarm Employment Growth*



## *The downturn began with housing-related sectors*

- **Since 2006, the region has lost 188,000 construction jobs and 82,000 jobs in financial services**
- **It will take more than a decade for these sectors to return to 2006 peak employment levels**

# *Construction and Mining Employment Growth*





# *Finance Employment Growth*



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*In 2009 the downturn spread  
more broadly*

- **Cyclical sectors all see large downturn as national recession worsens**
- **Retail particularly hard-hit with the decline in consumer spending**

# *Durable Manufacturing Employment Growth*



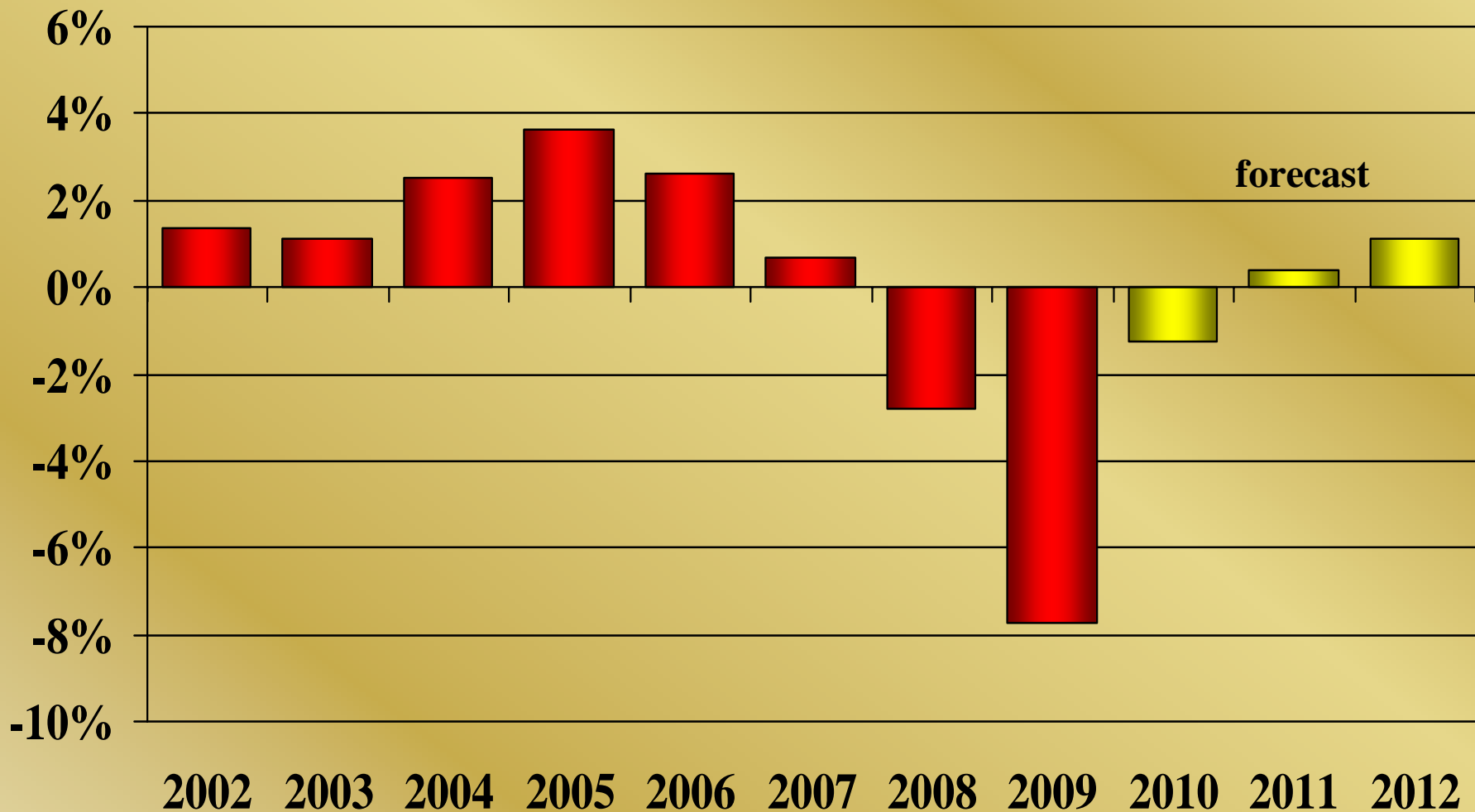
# *Regional Taxable Sales Growth*

Percent



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# *Retail Employment Growth*



# *Port of Long Beach: Loaded Inbound Containers (TEUs)*



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# *Regional Transportation, Warehousing & Utilities*



# *Regional Professional & Business Services Employment Growth*

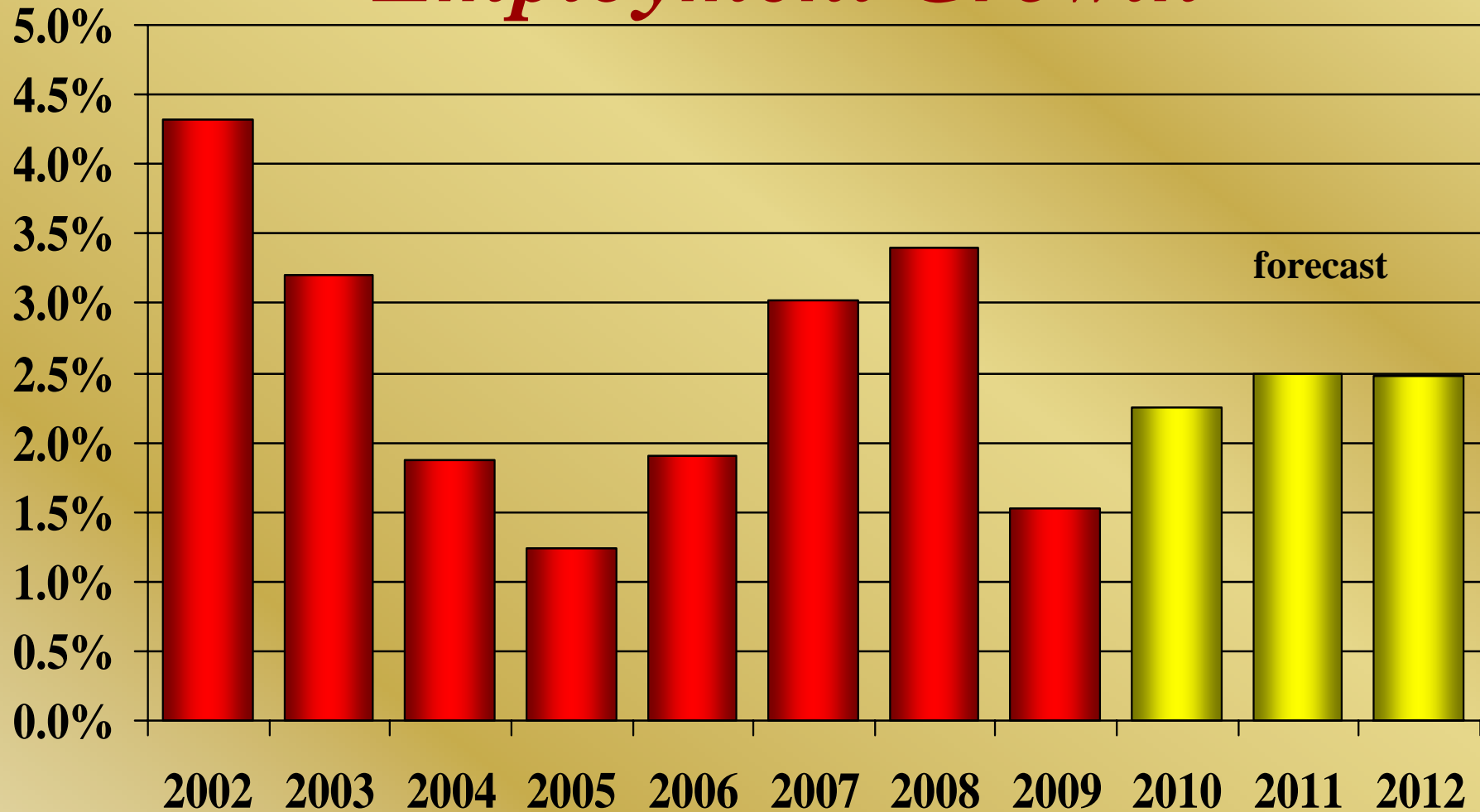




# *Areas of Growth for 2010*

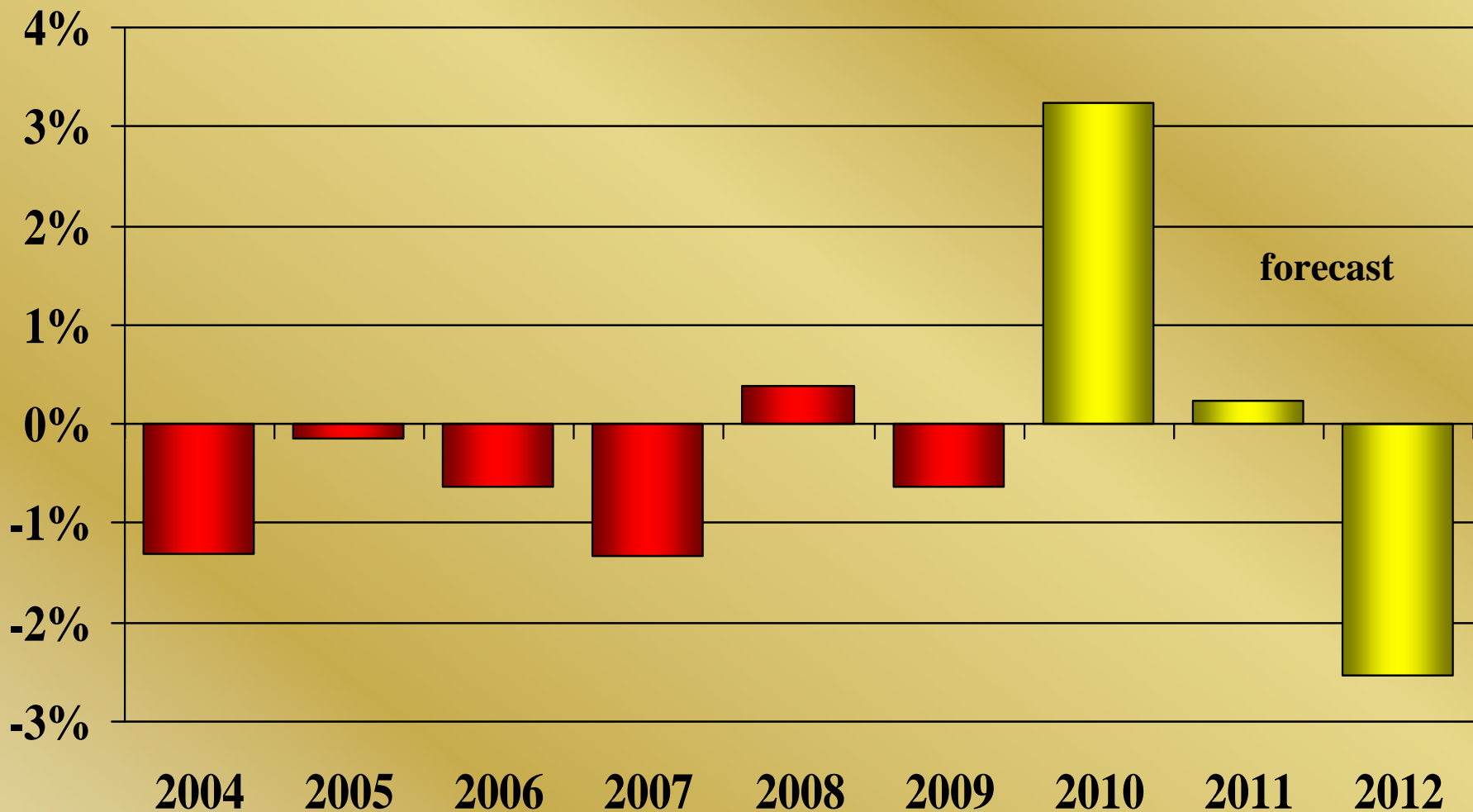
- **Health Services**
- **Information**
- **Federal Government**

# *Health Services Employment Growth*



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# *Federal Government Employment*



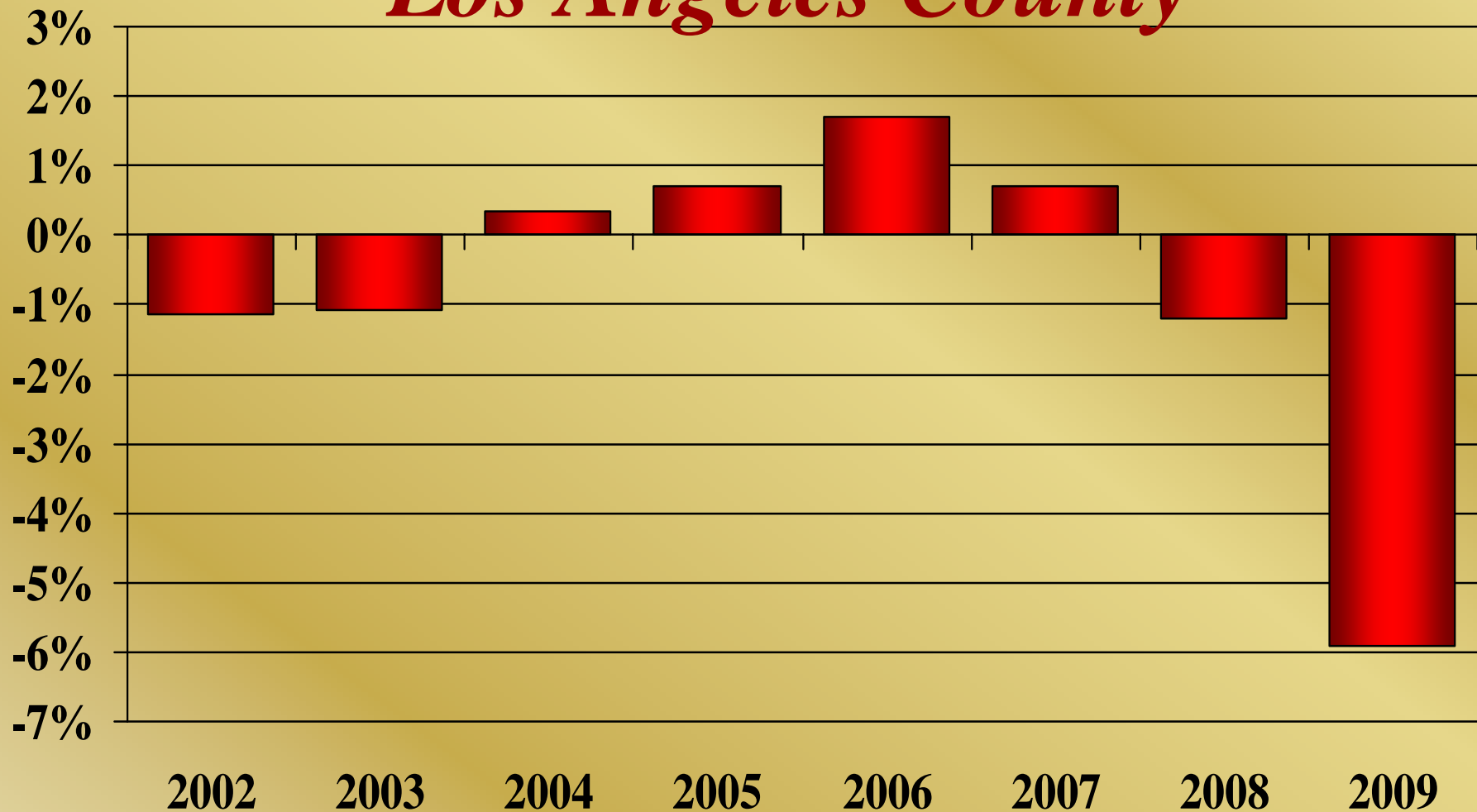
## *Regional Economy Summary*

- **The region is starting to pull out of recession**
- **Annual job losses continue this year (but quarterly gains beginning in Q3)**
- **Conditions will improve significantly in 2011, with positive job growth**
- **A return to healthy job formation in 2012**

*Economic Outlook*  
*Los Angeles County*

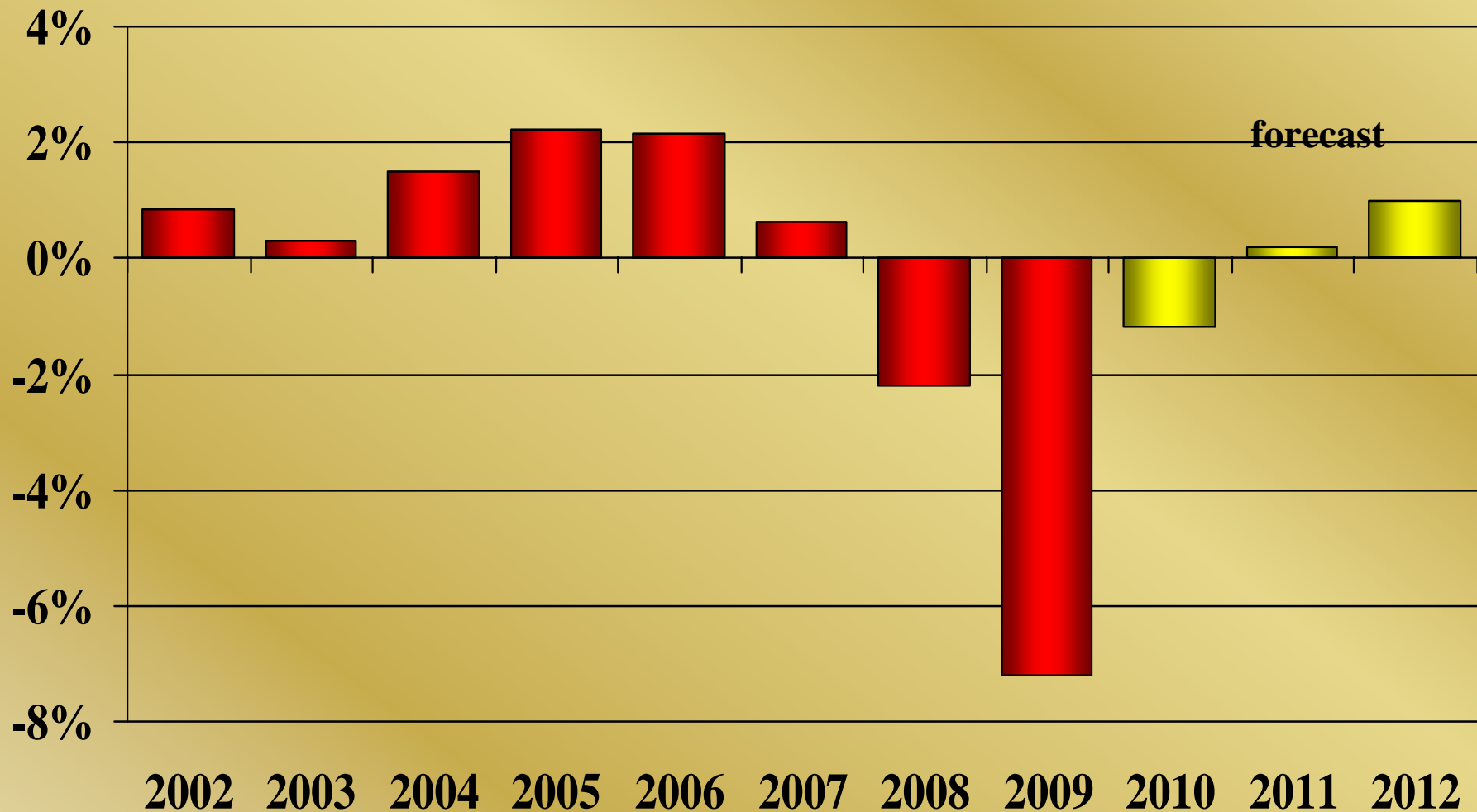
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# *Total Nonfarm Employment Los Angeles County*



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# *Retail Employment Growth*

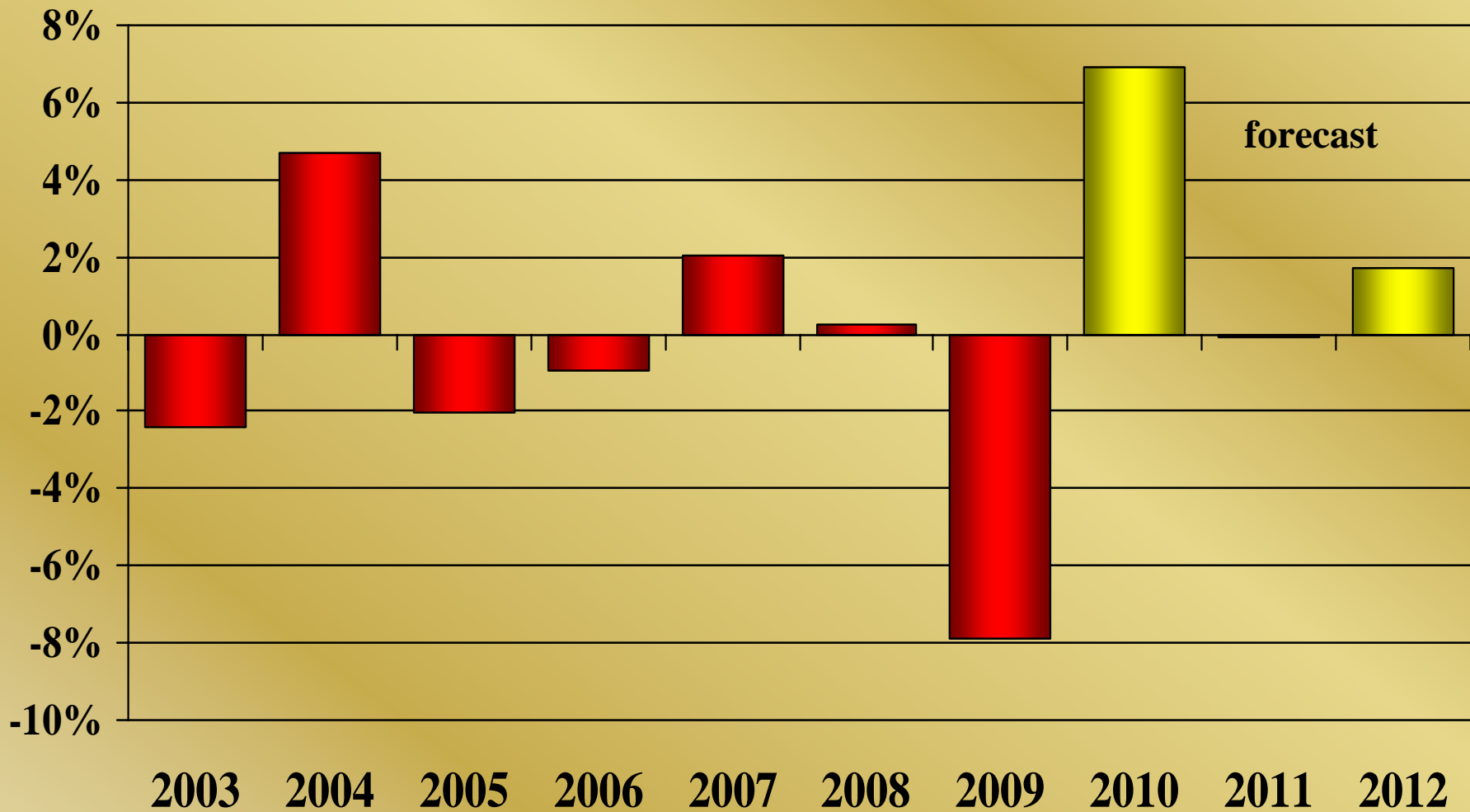


## *California Film Incentives*

- **Last year CA allocated \$500 million in tax credits through 2014**
- **As of January the program used up the first 2 years of funding**
- **Employment in LA County motion pictures up 10,000 from year-ago**
- **But program is out of money until next fiscal year**



# *Information Employment Growth*



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# *Los Angeles County Total Nonfarm Employment Growth*



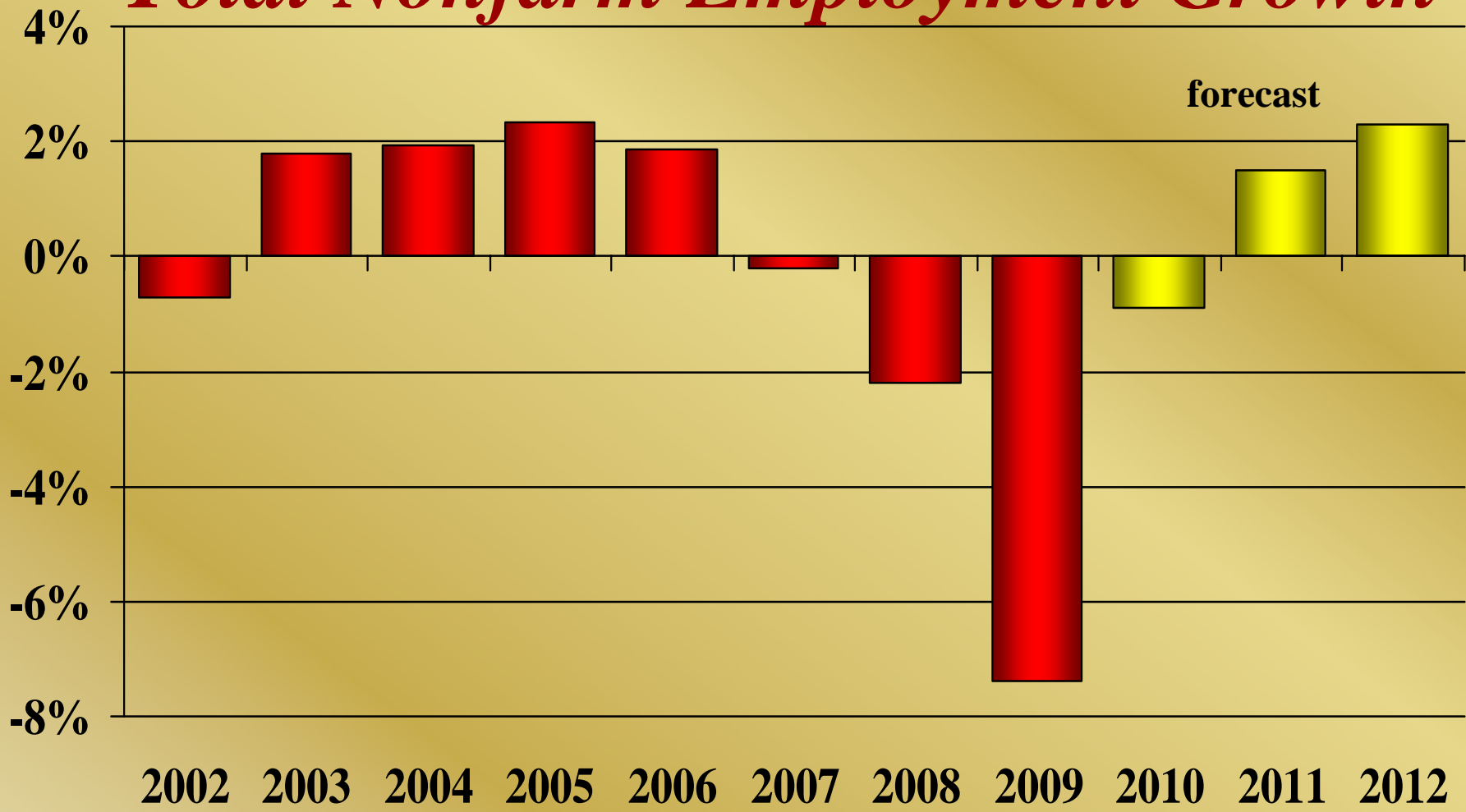
*Economic Outlook*  
*Orange County*

*California State University, Long Beach*

# *Orange County*

- **Professional and Business services will lead Orange County out of the recession**
- **We expect Orange County to be the best-performing economy in the region in 2011-2012**

# *Orange County Total Nonfarm Employment Growth*



*Economic Outlook*  
*Riverside/San Bernardino*

*California State University, Long Beach*

## *Riverside/San Bernardino*

- **This area hit very hard by sub-prime crisis**
- **As a result, the housing market will take longer to recover and will continue to be a drag on the economy through 2011.**

# *Riverside/San Bernardino Total Nonfarm Employment Growth*





*Economic Outlook*  
*Ventura County*

*California State University, Long Beach*

# *Ventura County*

## *Total Nonfarm Employment Growth*



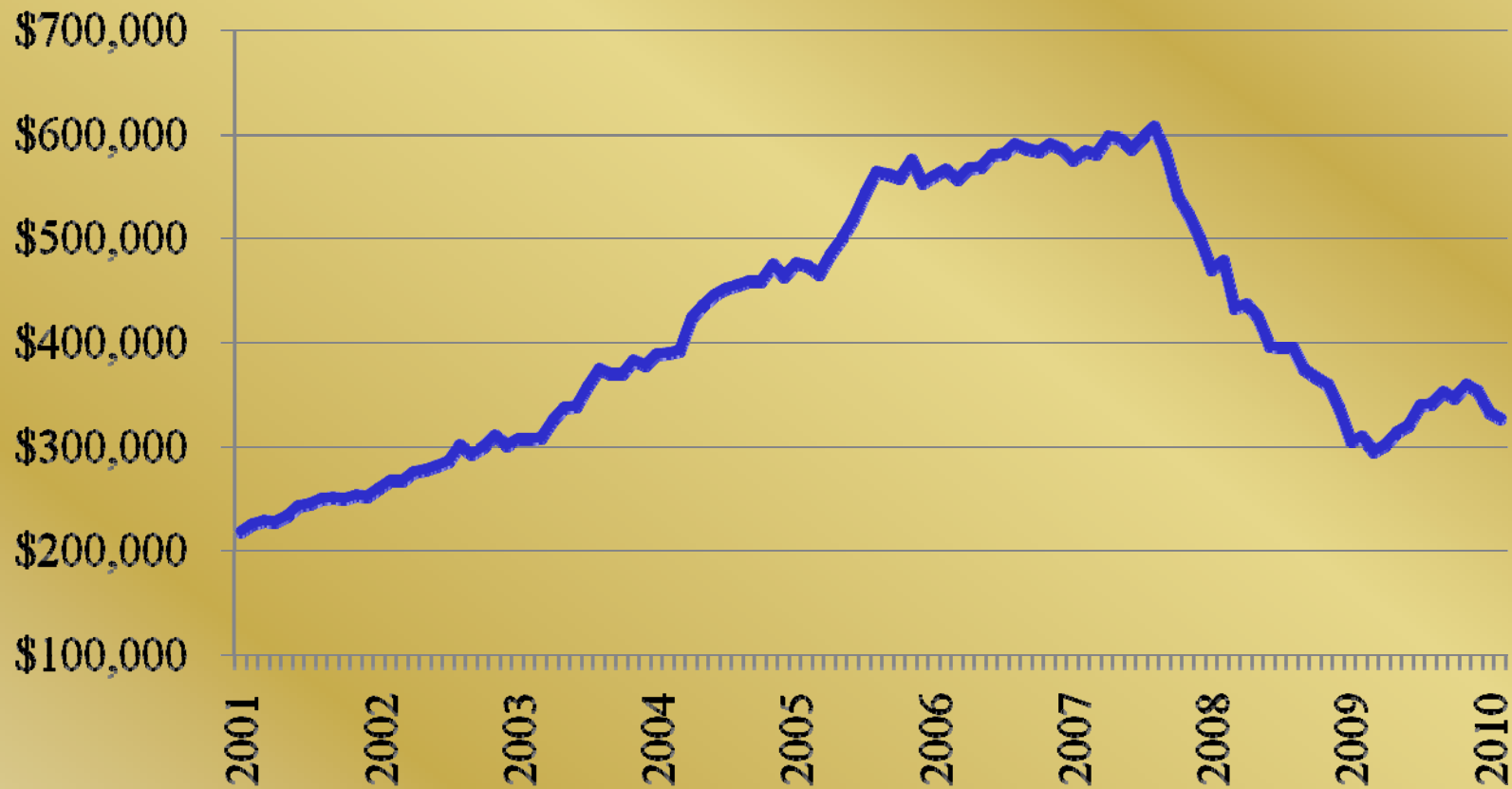
# *The Housing Market*

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# *The Regional Housing Market*

- **Coastal areas bottomed out in 2009**
- **Median price up, but mostly reflecting more higher-priced homes in the mix**
- **Our view: it looks like the beginning of a recovery for the coastal areas**
- **But 2010 could see a “bumpy ride” as federal tax credits expire in April**

# *Los Angeles County Median Price*



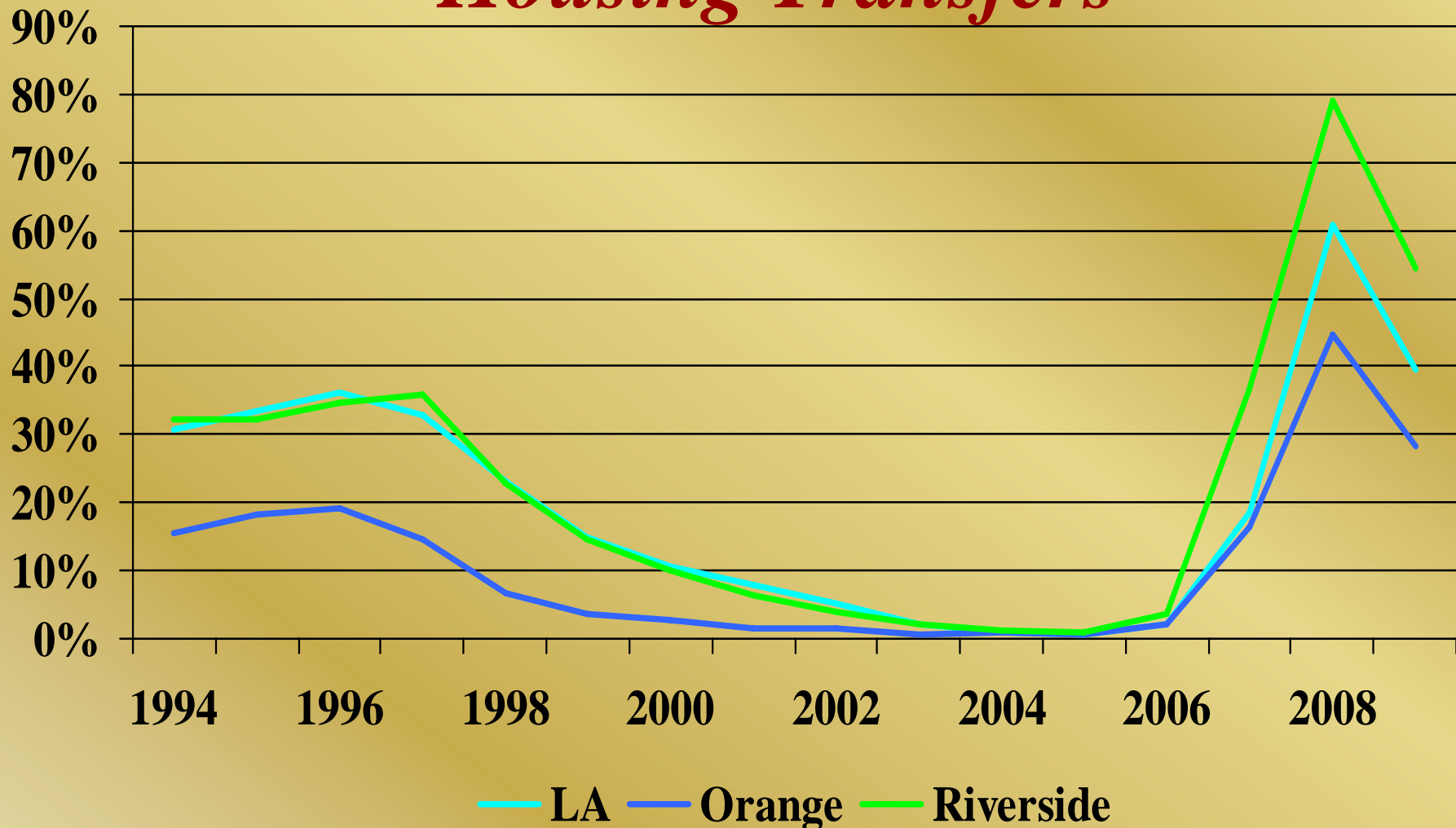
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# *Orange County Median Price*



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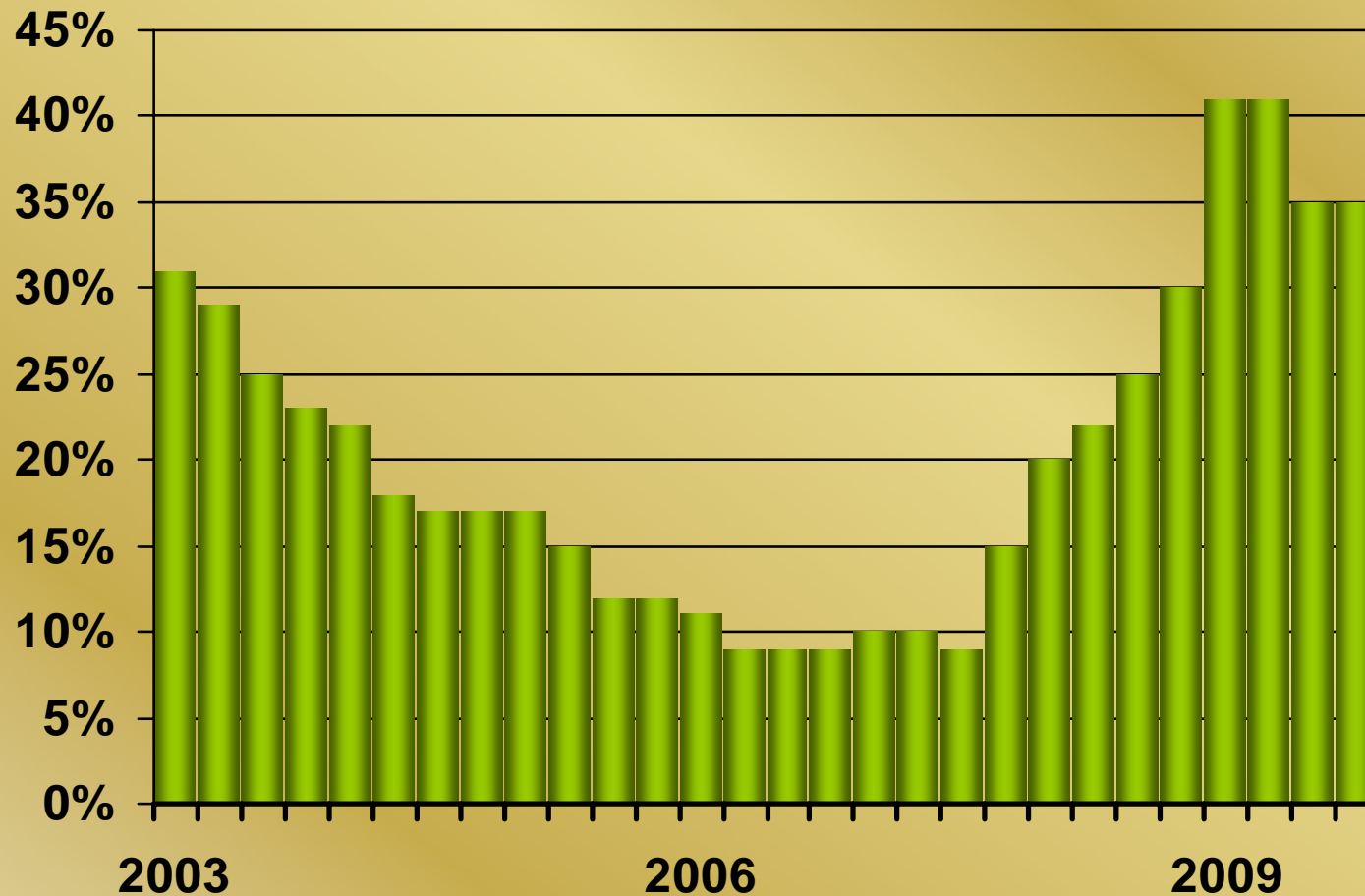
# *Proportion of Foreclosures in Housing Transfers*



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# *Los Angeles County Housing Affordability Index*

**% of Households that can buy**



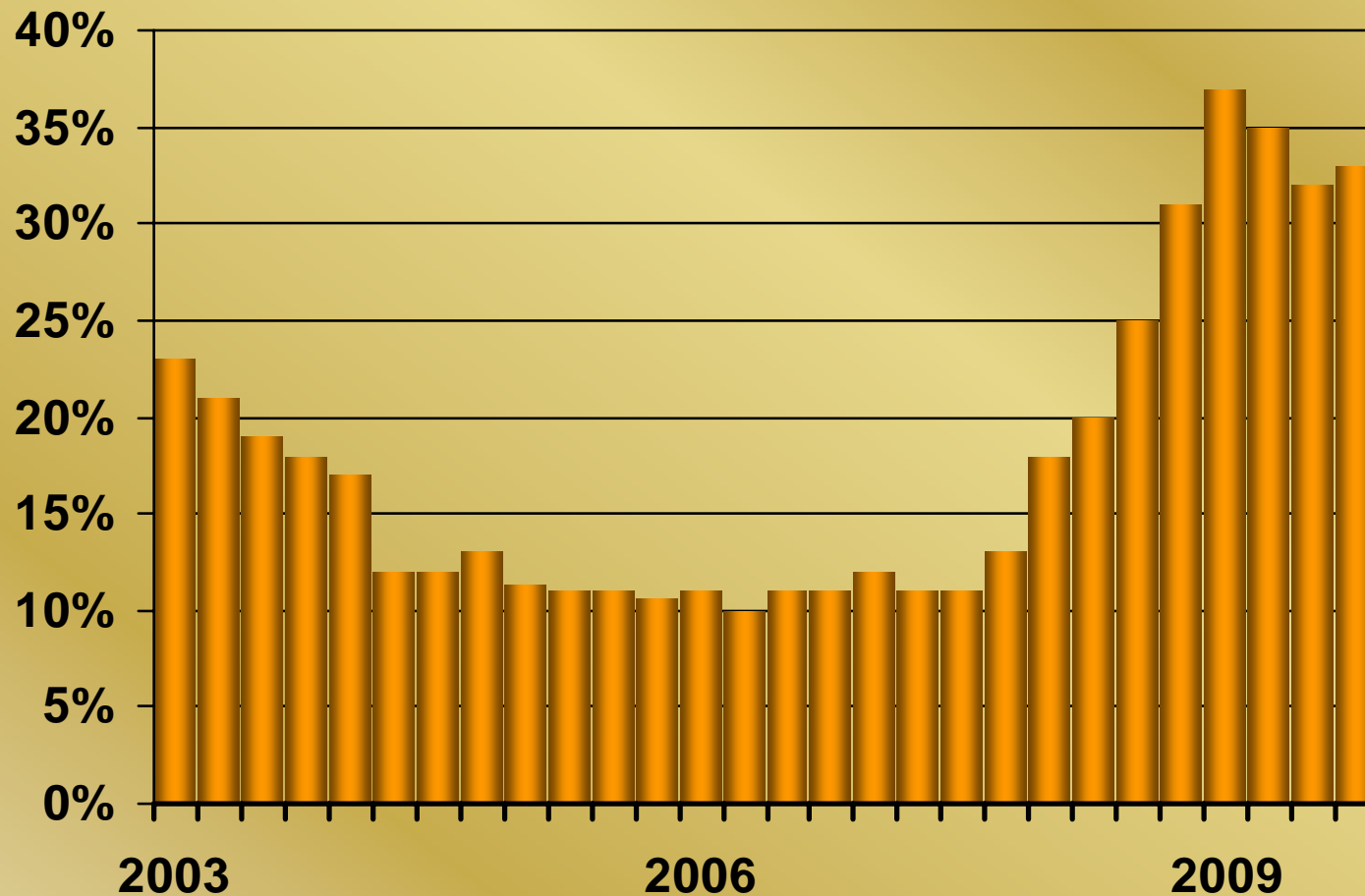
Source: CA Association of Realtors

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# *Orange County Housing Affordability Index*

**% of Households that can buy**



Source: CA Association of Realtors

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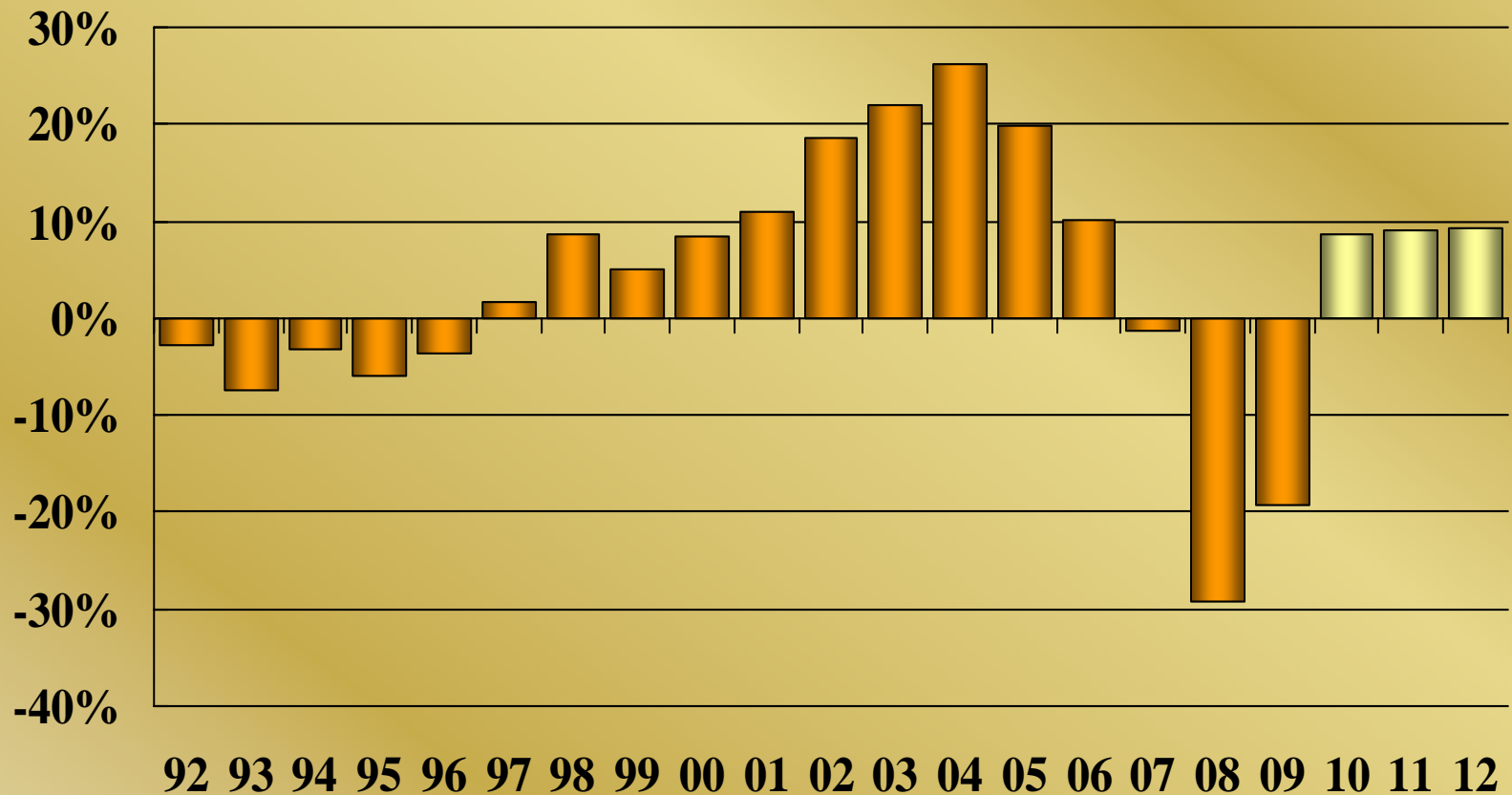
## *Housing Market in Near Term*

- **Credit is slowly easing**
- **The mix of homes is starting to shift back toward higher-priced homes, causing median price to rise**
- **True appreciation has been much smaller**
- **Once recovery gets underway, median price increases will reflect true appreciation**

# *Los Angeles County*

## *Forecast of Housing Appreciation*

[year-to-year percentage change in median price]

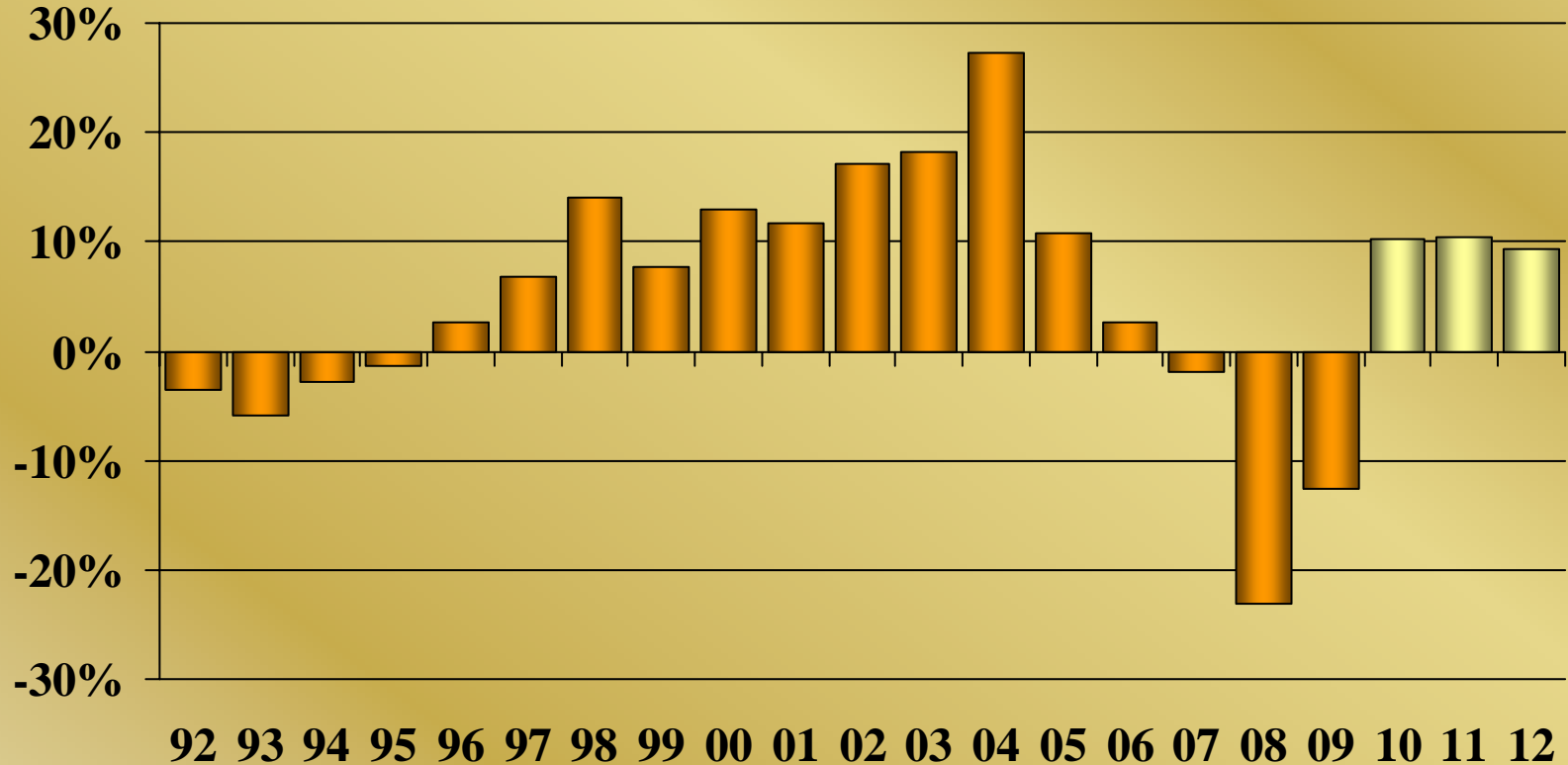


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# *Orange County*

## *Forecast of Housing Appreciation*

[year-to-year percentage change in median price]



*California State University, Long Beach*

# *Summary*

- **2009 was the trough of this housing cycle**
- **Median home prices rise in Los Angeles and Orange County in 2010**
- **Sustained appreciation through 2012**